

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE INVESTIGATION)	
OF APPROPRIATE RATEMAKING)	CASE NO. IPC-E-05-26
TREATMENT OF IDAHO POWER)	
COMPANY'S SO2 ALLOWANCE SALE)	NOTICE OF SETTLEMENT
PROCEEDS)	
)	REQUEST FOR PUBLIC
)	COMMENT
)	
)	ORDER NO. 30016

On June 9, 2005, Idaho Power Company (Idaho Power, Company) filed an Application requesting: (1) blanket authority to sell surplus sulfur dioxide (SO2) allowances; and (2) an accounting order to provide for recording any sale(s) of such allowances. Case No. IPC-E-05-20. The Company's Application also suggested that a determination of ratemaking treatment for the proceeds be made at a later date.

On August 22, 2005, the Idaho Public Utilities Commission (Commission) approved the Company's Application. Order No. 29852. The Commission, while reserving the review of the reasonableness of each sale, granted Idaho Power's request for blanket authority to sell SO2 emissions allowances and approved the accounting treatment proposed by the Company, on an interim basis, until such time as the Commission determines the appropriate ratemaking treatment of the proceeds from the sale of the SO2 allowances. *Id.* The Company was ordered to file a report with the Commission within 60 days of the receipt of any SO2 proceeds. *Id.* Additionally, the Commission ordered that a separate docket be opened for Staff to conduct workshops and make a recommendation to the Commission regarding the appropriate ratemaking treatment of SO2 proceeds. *Id.*

This docket, IPC-E-05-26, was opened and two workshops were held on November 7 and November 23, 2005, respectively. During the workshops the parties were unable to reach agreement upon the ratemaking treatment of the proceeds. On March 6, 2006, the Commission issued Order No. 29989, establishing a comment deadline of March 31, 2006, and a subsequent briefing schedule. On March 30, 2006, this comment deadline and briefing schedule were vacated based upon the parties' notification that an agreement had been reached. The Industrial

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Customers of Idaho Power and Micron were the only parties to petition for intervention, which was granted.

NOTICE OF SETTLEMENT

The parties met on March 23, 2006, and reached agreement upon an appropriate ratemaking treatment for the allowance proceeds. The parties have signed a Stipulation providing for the inclusion of the SO2 allowance sales proceeds to be included in the Company's annual Power Cost Adjustment (PCA) proceeding, with 90% of the net proceeds to be passed on to customers, and 10% of the net proceeds to be retained as a shareholder benefit. This Stipulation has been filed with the Commission. Idaho Power has filed a Motion for Approval of the Stipulation asking the Commission to accept the Stipulation in its entirety without material change or condition.

YOU ARE HEREBY NOTIFIED that the Stipulation and the accompanying Motion for Approval of the Stipulation are available for public inspection during regular business hours at the Commission's office. In addition, the settlement Stipulation is available for viewing on the Commission's website at www.puc.idaho.gov under "File Room" and then "Electric Cases."

REQUEST FOR WRITTEN COMMENT

YOU ARE FURTHER NOTIFIED that the Commission invites members of the public to provide written comments in support or in opposition of the settlement Stipulation no later than **April 24, 2006**. Written comments concerning Case No. IPC-E-05-26 should be mailed to the Commission and to Idaho Power at the addresses reflected below.

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address For Express Mail:

472 W. Washington Street
Boise, ID 83702-5983

Barton L. Kline
John R. Gale
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-mail: bkline@idahopower.com
rgale@idahopower.com


These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's homepage located at www.puc.idaho.gov. Click the "Comments and Questions"

icon, and complete the comment form, using the case number as it appears on the front of this document. Comments submitted via e-mail must also be sent to the Company at the e-mail addresses listed above.

ORDER

IT IS HEREBY ORDERED that persons desiring to submit written comments in support or opposition of the settlement Stipulation must do so no later than April 24, 2006.

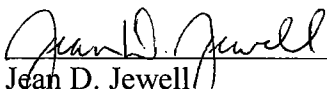
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 11th day of April 2006.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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